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§15–402.

(a) Subject to the intent of a donor expressed in a gift instrument, an institution, in managing and investing an institutional fund, shall consider the charitable purposes of the institution and the purposes of the institutional fund.

(b) In addition to complying with the duty of loyalty imposed by law other than this subtitle, each person responsible for managing and investing an institutional fund shall manage and invest the fund exercising ordinary business care and prudence under the facts and circumstances prevailing at the time of the action or decision.

(c) In managing and investing an institutional fund, an institution:

(1) May incur only costs that are appropriate and reasonable in relation to the assets, the purposes of the institution, and the skills available to the institution; and

(2) Shall make a reasonable effort to verify facts relevant to the management and investment of the fund.

(d) An institution may pool two or more institutional funds for purposes of management and investment.

(e) (1) The provisions of this subsection apply except as otherwise provided by a gift instrument.

(2) In managing and investing an institutional fund, the following factors, if relevant, shall be considered:

(i) General economic conditions;

(ii) The possible effect of inflation or deflation;

(iii) The expected tax consequences, if any, of investment decisions or strategies;

(iv) The role that each investment or course of action plays within the overall investment portfolio of the fund;

(v) The expected total return from income and the appreciation of investments;

(vi) Other resources of the institution;

(vii) The needs of the institution and the fund to make distributions and to preserve capital; and

(viii) The special relationship or special value of the asset, if any, to the charitable purposes of the institution.

(3) Management and investment decisions about an individual asset shall be made not in isolation but in the context of the portfolio of investments of the institutional fund as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the fund and to the institution.

(4) Except as otherwise provided by law other than this subtitle, an institution may invest in any kind of property or type of investment consistent with this section.

(5) An institution shall diversify the investments of an institutional fund unless the institution reasonably determines that, because of special circumstances, the purposes of the fund are better served without diversification.

(6) Within a reasonable time after receiving property, an institution shall make and carry out decisions concerning the retention or disposition of the property or to rebalance a portfolio, in order to bring the institutional fund into compliance with the purposes, terms, and distribution requirements of the institution as necessary to meet other circumstances of the institution and the requirements of this subtitle.

(7) A person that has special skills or expertise, or is selected in reliance on the representation by the person that the person has special skills or expertise, has a duty to use those skills or that expertise in managing and investing institutional funds.

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